

STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P. O. BOX 942850  
Sacramento, CA 94250-5878

DATE: April 11, 2017

PERSONNEL LETTER #17-009  
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Debra Spellman, Chief  
Personnel/Payroll Services DivisionRE: **AFFORDABLE CARE ACT ADVANCED PREMIUM TAX CREDIT NOTIFICATION  
AND APPEAL PROCESS**

Under the Employer Shared Responsibility provisions of the Affordable Care Act (ACA), the State of California may be subject to penalties for each full-time employee<sup>1</sup> who receives an advanced premium tax credit (APTC) toward the purchase of their health coverage through Covered California, the state's health marketplace, or the U.S. Department of Health and Human Services (HHS), the federal health marketplace.

Covered California or HHS will send letters to employers with information about their employees who received an APTC toward the purchase of their health coverage through one of the health marketplaces. The notices are sent to employers if at the time of enrollment, their employee attested that he/she was neither enrolled in, nor offered affordable employer-sponsored health coverage. When a notice is sent, it provides an opportunity for employers to appeal an employees' APTC eligibility if the employee was actually offered an opportunity to enroll in employer-sponsored health coverage that met the ACA's affordability and minimum value standards. Appealing an employee's eligibility for an APTC could reduce the state's exposure to a penalty assessment from the Internal Revenue Service.

To facilitate the appeals process, the State Controller's Office (SCO) has developed the ACA Tax Credit Notification Intake Form (Attachment A, [http://www.sco.ca.gov/Files-PPSD/ACA\\_Tax\\_Credit\\_Notification\\_Form\\_Fillable\\_CS.pdf](http://www.sco.ca.gov/Files-PPSD/ACA_Tax_Credit_Notification_Form_Fillable_CS.pdf)). Departmental human resources staff must complete this form each time a notice from Covered California or HHS is received. The information that is provided on the form will help SCO to determine whether an appeal is necessary. SCO has 90 days from the date of the notice to file an appeal if necessary.

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<sup>1</sup> Full-time employees are defined as those employees who average 130 or more hours of service during an applicable 6-month measurement period.

When a notice is received, departmental human resources staff must gather the following information:

- Copy of notice from Covered California or HHS
- Completed ACA Tax Credit Notification Intake Form (see Attachment A, [http://www.sco.ca.gov/Files-PPSD/ACA\\_Tax\\_Credit\\_Notification\\_Form\\_Fillable\\_CS.pdf](http://www.sco.ca.gov/Files-PPSD/ACA_Tax_Credit_Notification_Form_Fillable_CS.pdf))
- PERS-HBD-12 (if the employee elected benefits)
- PERS-HBD-12A (if the employee declined benefits)
- Any other supporting documentation

**Within 10 days of receipt of the notice**, departmental human resources staff must provide the above listed items to SCO at the address listed below.

ATTN: ACA Unit

State Controller's Office-Personnel/Payroll Services Division

300 Capitol Mall Suite #1001

Sacramento, CA 95814

SCO will work with the departmental human resources staff to determine an employee's eligibility for the APTC. SCO will file an appeal if the employee was offered an opportunity to enroll in employer-sponsored health coverage that met the ACA's affordability and minimum value standards.

If you have additional questions related to ACA reporting or the ACA Tax Credit Notification Intake Form, please contact ACA Online Support at (916) 322-3770 or by email at [acasupport@sco.ca.gov](mailto:acasupport@sco.ca.gov).

DS: SH: KR: ACA

State of California—Controller's Office  
**ACA Tax Credit Notification Intake Form**  
 PP5D 55 (rev. 04/2017)

**Instructions:** Human Resource's staff are to complete this form when a notification is received from Covered California (the state's health marketplace) or the U.S. Department of Health and Human Services (the federal health marketplace) about employees who received an Advanced Premium Tax Credit (APTC) for purchasing their health coverage through one of the marketplaces. Mail the completed form, the marketplace notification, a copy of the employee's HBD12 (if benefits were elected) or HBD12A (if benefits were declined) and any additional supporting documentation to the address below within 10 days of receipt of the notification.

ATTN: ACA Unit  
 State Controller's Office-Personnel/Payroll Services Division  
 300 Capitol Mall Suite # 1001  
 Sacramento, CA 95814

It is important that all information on this form is filled out correctly. SCO will review the documentation provided to determine if it is necessary to appeal the employee's eligibility for an APTC. An appeal will be filed if the employee was offered an opportunity to enroll in employer-sponsored health coverage that met the ACA's affordability and minimum value standards. Appealing an employee's eligibility determination for an APTC could reduce the department's exposure to a penalty assessment from the Internal Revenue Service under the ACA's Employer Shared Responsibility Provisions.

**Department Information**

Department Name (include facility if applicable) \_\_\_\_\_

3-Digit Agency Code \_\_\_\_\_

Contact Person \_\_\_\_\_

Phone Number \_\_\_\_\_

Email \_\_\_\_\_

**Employee Information**

Employee's SSN \_\_\_\_\_ Employee's Name \_\_\_\_\_

1. Was the employee appointed to a position eligible for health benefits during the timeframe indicated on the notice?

☐ No ☐ Yes, date of eligibility \_\_\_\_\_

2. Was health coverage offered to the employee?

☐ No ☐ Yes, date offered \_\_\_\_\_

3. Was the employee enrolled in health coverage during the timeframe indicated on the notice?

☐ No ☐ Yes, effective date of coverage \_\_\_\_\_

Notes \_\_\_\_\_

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**SCO Use Only**

Date Received \_\_\_\_\_

Analyst Assigned \_\_\_\_\_

Appeal Required ☐ Yes ☐ No